

ERRATA

RADIO BROADCASTING TO CUBA ACT

AUGUST 3 (Legislative day, AUGUST 1), 1983.—Ordered to be printed

Mr. PERCY, from the Committee on Foreign Relations,
submitted the following

REPORT

together with

MINORITY VIEWS

[To accompany S. 602]

CORRECTIONS

Radio Broadcasting to Cuba Act—Senate Report 98-156 on S. 602

On page 13, in the section Evaluation of Regulatory Impact, add the following paragraph:

All provisions of Rule XXVI, paragraph 11 not complied with were impracticable because of uncertainties concerning the possibility of any interference with broadcasting in the United States that might result from Radio Broadcasting to Cuba as provided in the bill.

Beginning on page 11 and continuing onto page 13, in the section Cost Estimate, substitute the following new and corrected Cost Estimate provided by the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., July 29, 1983.

HON. CHARLES H. PERCY,
Chairman, Foreign Relations Committee,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to section 403 of the Congressional Budget Act, the Congressional Budget Office has prepared the at-

tached cost estimate on S. 602, the Radio Broadcasting to Cuba Act, as ordered reported by the Senate Foreign Relations Committee on June 21, 1983. This estimate supercedes a previous estimate of June 13, 1983, and reflects the bill as officially ordered reported June 21, 1983.

Should the committee so desire, we would be pleased to provide further detail on the attached cost estimate.

Sincerely,

JAMES BLUM
(For Alice M. Rivlin, Director).

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

JULY 29, 1983.

1. Bill number: S. 602.
2. Bill title: Radio Broadcasting to Cuba Act.
3. Bill status: As ordered reported by the Senate Foreign Relations Committee on June 21, 1983.
4. Bill purpose: This bill amends the Board for International Broadcasting Act of 1973 to provide for radio broadcasting to Cuba. The Board may carry out this subsection by means of grants, leases or contracts (subject to the availability of appropriations) or such other means as the Board determines will most effectively carry out the purposes set forth in Section 2 of the Board for International Broadcasting Act. This bill does not authorize appropriations for the operation of Radio Marti. Outlays for operation costs consequently are not included in this estimate. The President's request for Radio Marti operations is \$8.5 million for fiscal year 1983 and \$9.6 million for fiscal year 1984.

In addition, this bill authorizes for appropriation to the Board for International Broadcasting the sum of \$5.0 million for fiscal year 1985 for use in compensating United States radio broadcasting licensees who are adversely affected by Cuban radio interference. The Board for International Broadcasting may make payments to the United States radio broadcasting licensees upon their application for expenses which they have incurred or will incur pursuant to special temporary authority from the FCC.

5. Estimated cost to the Federal Government:

Budget function 150:

Authorization level:

Fiscal year:	Millions
1984	-----
1985	----- \$5.0
1986	-----
1987	-----
1988	-----

Estimated outlays:

Fiscal year:	
1984	-----
1985	----- 3.0
1986	----- 2.0
1987	-----
1988	-----

Basis of estimate: This estimate assumes enactment of this legislation and subsequent appropriation of the authorized amount for fiscal year 1985 by September 30, 1983.

Outlay rates for the \$5 million compensation to United States broadcasters will depend upon the following factors:

(1) The number of applicants who currently fit FCC criteria for compensation (i.e., those broadcasters who have, at the authority of the FCC, replaced equipment, increased their kilowatt power and/or reengineered their stations as a response to radio interference by the government of Cuba). The Federal Communications Commission and the National Association of Broadcasters estimate that from 9 to 20 broadcasters would currently be eligible for compensation. Costs would range from \$100,000 to \$300,000 each, depending upon the type of modification made.

(2) The number of future applicants which would be eligible for compensation. The National Association of Broadcasters estimates that in the event the Government of Cuba starts to operate its 500 kilowatt transmitter, over 200 United States radio stations could be severely affected, with advertising and other losses estimated at approximately \$50 million. Of the 200 broadcast stations purportedly at risk, however, and the number actually eligible for compensation will depend upon: (a) the regulations and procedures established by the BIB, (as required by this legislation), and (b) the magnitude of any stepped up future radio interference by the Government of Cuba. As of July 29, 1983, the FCC estimated that approximately 100 stations could be eligible for compensation at an average cost of \$100,000 each, for a total cost of \$10 million.

6. Estimated cost to State and local governments: None.

7. Estimate comparison: None.

8. Previous CBO estimate: This estimate supercedes a previous estimate of June 13, 1983, and reflects the bill as officially ordered reported on June 21, 1983.

9. Estimate prepared by: Carla F. Kruytbosch (226-2840).

10. Estimate approved by:

JAMES BLUM,
Assistant Director for Budget Analysis.

MINORITY VIEWS OF SENATOR ZORINSKY

Paragraph 11(b) of rule XXVI of the Standing Rules of the Senate requires that each committee report on legislation contain "an evaluation, made by such committee, of the regulatory impact which would be incurred in carrying out the bill or joint resolution." According to the rule such an evaluation must include:

(A) an estimate of the numbers of individuals and businesses who would be regulated and a determination of the groups and classes of such individuals and businesses,

(B) a determination of the economic impact of such regulation on the individuals, consumers, and businesses affected,

(C) a determination of the impact on the personal privacy of the individuals affected, and

(D) a determination of the amount of additional paperwork that will result from the regulations to be promulgated pursuant to the bill or joint resolution.

The original committee report did not address these points. The revised report asserts that it was impracticable for the committee to make such an evaluation.

The Foreign Relations Committee first received the Radio Marti legislation May 25, 1982. In the past year the committee has had four hearings on the Radio Marti proposal, has received testimony from 31 witnesses, and has considered the legislation in three markup sessions. In all, the transcripts of the committee's hearings and deliberations run 686 pages.

This testimony, plus other information made available to the committee, provides ample information on the likely regulatory impact of the Radio Marti legislation. Radio Marti's proponents are reluctant to describe that impact because it is so damaging to their case.

Based on information made available to the committee, the following is the likely regulatory impact of Radio Marti as specified by rule XXVI, paragraph 11(b). These impacts are:

(A) An estimate of the numbers of individuals and businesses who would be regulated and a determination of the groups and classes of such individuals and businesses,

A recently declassified State Department document (see appendix I) states: "If the decision is made to establish a Radio Free Cuba (RFC), we believe Cuba will retaliate by increasing its current level of interference with U.S. AM broadcasting." The State Department estimates that "potentially about 20 percent, or 1,200, U.S. stations could be adversely affected."

In addition millions of American radio listeners will suffer some loss of service.

(B) A determination of the economic impact of such regulation on the individuals, consumers, and businesses affected,

The National Association of Broadcasters has studied the probable impact of Cuban retaliation on 17 United States AM stations (see appendix II). According to the study the loss of coverage ranged from 14 percent for a Bridgeport, Conn., station to 99.65 percent for a Des Moines, Iowa, station. The projected loss of revenue due to Cuban interference ranged from \$40,000 for a Cincinnati station to \$10,000,000 for a Detroit station. Total projected revenue loss for the 17 stations was \$15,900,000. The revenue loss for the 1,200 radio stations potentially affected by Cuban retaliation to Radio Marti could run into the hundreds of millions of dollars.

Cuban interference will also greatly reduce the value of the stations affected. The capital loss to radio station owners is potentially very great.

(C) A determination of the impact on the personal privacy of the individuals affected.

The Radio Marti legislation has no foreseeable impact on the personal privacy of any individual.

(D) A determination of the amount of additional paperwork that will result from the regulations to be promulgated pursuant to the bill or joint resolution, which determination may include, but need not be limited to, estimates of the amount of time and financial costs required of affected parties, showing whether the effects of the bill or joint resolution could be substantial, as well as reasonable estimates of the recordkeeping requirements that may be associated with the bill or joint resolution;

The compensation procedures contained in S. 602 may require significant additional paperwork. Section 6 of S. 602 requires the Board for International Broadcasting to issue regulations, criteria, and procedures for broadcasters to follow in applying for compensation for technical adjustments made to facilities to overcome Cuban interference. As changing a broadcast signal can have an impact on other signals the procedures can become extremely complicated and cumbersome. Documenting and keeping records of Cuban interference could also impose significant and costly burdens on broadcasters.